

Function 500: Education, Training, Employment, and Social Services

Function 500 includes funding for the entire Department of Education, social services programs within the Department of Health and Human Services, and employment and training programs within the Department of Labor. It also contains funding for the Library of Congress and independent research and art agencies such as the Corporation for Public Broadcasting, the Smithsonian Institution, the National Gallery of Art, the JFK Center for the Performing Arts, the National Endowment for the Arts, and the National Endowment for the Humanities.

For 2001, the conference agreement on the Republican budget resolution provides \$56.8 billion for appropriated programs in Function 500. This level of budget authority represents an increase of \$1.4 billion (2.6 percent) above the level necessary to maintain purchasing power; however, outlays represent a \$0.6 billion (1.2 percent) cut in purchasing power. Over five years (2001-2005), outlays are only \$1.5 billion above the level necessary to maintain constant purchasing power at the 2000 funding level.

- ***Comparison with House and Senate Resolutions*** — For this function, the conference agreement is equal to the House and Senate resolutions in budget authority for 2001 but \$600 million below the House resolution in outlays. Over five years (2001-2005), it provides \$1.5 billion more in budget authority than the House resolution and \$1.6 billion less than the Senate resolution.
- ***Democrats Support High-Priority Programs*** — The Function 500 levels in the conference agreement are \$4.8 billion below those in the Democratic alternative resolution for 2001, and \$19.1 billion less over five years (2001-2005). For 2001, the higher funding in the Democratic alternative supported the following: (1) the third installment of the President's initiative to improve student achievement by hiring 100,000 teachers over seven years to reduce the average size of classes; (2) assistance to renovate crumbling schools through loans, grants, and tax credits; (3) doubling the size of the after-school program, enough to allow each low-performing school to provide extended learning services to all their students; (4) increasing Head Start by \$1 billion; and (5) increasing the maximum Pell Grant award to \$3,500.
- ***Conference Agreement Eliminates Increase for Pell Grants*** — The conference agreement rejects two provisions in the Senate resolution that would have added funding for education. The first was a successful Senate amendment that would have decreased the five-year tax cut by \$2.7 billion and used that funding instead to increase the maximum Pell Grant award to

\$3,700. The second would have provided a total of \$2.3 billion in mandatory spending to reward states that show improvements in student achievement.

- ***Minimal Increase for Most Education Programs*** — The conference agreement includes a Sense of the House statement designating at least \$2.0 billion more than the 2000 level for special education programs. If this increase were actually enacted, it would leave an increase of only \$200 million for all other programs, which would mean a cut in the current level of services for other education programs. Unlike the House and Senate resolutions, which spelled out that this remaining new funding was solely for elementary and secondary education programs, the conference agreement is silent on where it targets this additional \$200 million. However, with such a minimal increase, Title I would provide educational services to a smaller percentage of low-income students, school districts would not receive new federal funds to hire and train new teachers, and schools would not receive new funds to expand their after-school and summer programs.
- ***Republicans Freeze Higher Education and Social Services*** — The House resolution asserted that its entire increase for Function 500 was for elementary and secondary education programs, meaning that it froze funding for all social services, employment, and training programs for five years. The Senate provided only a slight increase for these programs. Since the conference agreement purports to assign most of the funding increase for 2001 to special education, it is fair to assume that it also intends to freeze funding for most other programs in this function. Such a freeze means a \$1.1 billion cut in purchasing power for higher education programs, social services programs, and training and employment programs for 2001. By 2005, the level in the conference agreement represents an 8.5 percent cut in purchasing power for these programs. This loss of purchasing power translates into real cuts in the numbers of people who can benefit from these programs each year. For instance, by 2005:

Pell Grants — About 316,000 fewer low-income students would receive Pell Grants to help attend college than in 2000; and

Head Start — Head Start would have to cut services to more than 40,000 children and their families.

- ***Title XX (Social Services Block Grant)*** — The conference agreement increases mandatory funding for Title XX by \$50 million in 2001 and \$1.0 billion over five years, relative to the funding levels provided under current law. The House resolution did not provide additional funding for Title XX, while the Senate resolution increased Title XX funding by \$100 million in 2001 and \$3.4 billion over five years. The Democratic alternative increased funding for

Title XX by significantly more, providing \$150 million in 2001 and \$750 million over five years above the current law levels.

- ***Republican Education Increase Is a Mirage*** — Much of the increase for special education in the conference agreement is a mirage. Although the 2001 budget authority for Function 500 is \$2.2 billion above a freeze at the 2000 level, the conference agreement actually cuts outlays by \$400 million below a freeze at last year's level. Over the years, the disparity grows between the amount of budget authority the conference agreement provides and the amount of actual spending (outlays) it allows.¹² Over five years, despite adding \$21.8 billion in budget authority to a freeze at the 2000 level, the conference agreement provides only \$11.9 billion in additional outlays. Simply put, the Republicans do not provide the cash (outlays) to match their rhetoric (measured in budget authority).
- ***Repeal of Obligation Delays*** — The conference agreement assumes enactment of legislation repealing several timing shifts contained in the 2000 Omnibus Appropriations bill. These changes, contained in the supplemental appropriations bill approved by the House on March 30, 2000, would repeal obligation delays in funds for the Children and Families Services Programs and the Social Services Block Grant. The effect of repealing these provisions will shift a total of \$479 million in outlays for those programs back to 2000.
- ***Democrats Offer "Full Funding" for Special Education*** — During the House Budget Committee's mark-up of the Republican plan, the Democrats offered an amendment to provide "full funding" of the federal government's maximum authorized contribution for special education. This amendment would have provided \$9.2 billion more for 2001 than the Republican total for special education simply by decreasing the size of their tax cut. Yet when faced with the opportunity to provide this funding, the Republicans refused to do so. Instead of *actually providing* this federal funding for special education, they diluted the amendment to merely repeat their Sense of the House statement that Congress *should provide* this funding.

¹²Budget authority refers to the amount of funding an agency may commit or obligate. Outlays refer to actual cash disbursements. For example, if Congress provides \$2.0 billion in budget authority for special education, local educational agencies (LEAs) can begin making plans to sign contracts with new teachers for special education classes. The LEAs do not pay the teachers their annual salary immediately, but over the course of the academic year. These payments are recorded as outlays. In addition, because most education programs need time to plan for the coming academic year, the funding provided for one fiscal year primarily pays for costs in the following academic year. For these "forward funded" programs, the government releases budget authority on July 1 for the academic year beginning that fall. Most of the associated outlays, therefore, occur in the following fiscal year that begins on October 1.